

WEIGHING YOUR OPTIONS



Human Resource Services

For each affected employee newly eligible for overtime pay, employers have a number of options, each of which carries risks and opportunities.

Options	Risks	Opportunities
<p>1. Increase salary to minimum level required to retain employee's exempt status.</p>	<ul style="list-style-type: none"> • Could create salary compression and result in higher-than-expected costs as compensation must be realigned up the ladder. 	<ul style="list-style-type: none"> • Could improve morale by giving additional compensation and retention of exempt status. • Saves employer time by eliminating need to track, record and report hours worked.
<p>2. Pay overtime premium for overtime hours worked.</p>	<ul style="list-style-type: none"> • Increases costs for employers. • Could create liability for employer if it fails to track, record and report all hours worked. • Could damage morale as previously exempt positions may carry less flexibility and offer fewer benefits. 	<ul style="list-style-type: none"> • Could improve morale by giving additional time-and-a-half compensation. • Promotes concept that all employees are paid when required to spend time away from family and other nonworking pursuits.
<p>3. Reduce or eliminate overtime hours; hire extra workers as needed.</p>	<ul style="list-style-type: none"> • Could lead to loss of productivity. • May require training for supervisors of newly nonexempt workers. • Could damage morale as previously exempt positions may carry less responsibility and flexibility and offer fewer benefits. • Could create liability if employer bans overtime hours but employees work them anyway. (Employer still must pay the overtime, but may discipline employees.) 	<ul style="list-style-type: none"> • Creates opportunity to reclassify jobs and retool job descriptions and responsibilities. • Offers chance to be more creative and resourceful in how work gets done. • Minimizes employer costs so part-time help can be added.
<p>4. Decrease pay allocated to base salary (provided employee earns at least minimum wage) and add compensation to account for time worked in excess of a 40-hour workweek.</p>	<ul style="list-style-type: none"> • Could create liability for employer if it fails to track, record and report all hours worked. • Could damage morale as previously exempt positions may carry less flexibility and offer fewer benefits. 	<ul style="list-style-type: none"> • Holds employer costs constant. • Minimizes employer costs so part-time help can be added.
<p>5. Restructure the workforce, transferring duties from newly nonexempt workers to those who have had their salaries increased to remain exempt.</p>	<ul style="list-style-type: none"> • Could prompt employee concerns about equity and fairness. • May require training for supervisors of newly nonexempt workers. 	<ul style="list-style-type: none"> • Creates opportunity to reclassify jobs and retool job descriptions and responsibilities. • Offers chance to be more creative and resourceful in how work gets done.

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